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Russia

Russia is feeling its fair share of impact from the outbreaks of highly pathogenic avian influenza (HPAI) circulating parts of the globe. The disease was first confirmed in Russia in some backyard chickens, turkeys, ducks, and geese on July 23, 2005. Since then avian flu has been detected in about ten regions mostly in the southern part of Russia: Altai, Chelyabinsk, Kurgan, Novosibirsk, Omsk, Tiumen, Kalmykia, Astrakhan, Dagestan, and Krasnodarsky. News publications estimate Russia has destroyed around 1.3 million birds due to AI. Presently Russia is taking all measures necessary to counteract the disease, such as stamping out; isolation of fowl from external sources; vaccinating; sanitization of buildings, premises, and vehicles; Spring hunting bans; and movement controls/restrictions. The country has also gone as far as imposing inspections, citing that farms not meeting veterinary recommendations will be closed. According to media, Russia has 164 broiler farms and 360 egg farms.

Poultry meat currently comprises 35% of Russia's meat market of which a third is whole birds, a third chicken leg quarters, and 28.5% is processed products. About 50% of domestic chicken production is traded as fresh and chilled. Domestic production of poultry meat grew 15% in 2005 with 87% of the poultry produced being broilers. Production is predicted to grow another 15% in 2006, providing the ancillary industries become more developed and vertically integrated. In light of Russia's growing poultry production, domestic consumption is currently failing to keep up with noticeable reductions in consumer demand since HPAI was first confirmed in the country July of 2005.

According to recent polls, one out of every four Russian consumers admitted to buying less poultry now than prior to bird flu outbreaks despite price reductions. However, domestic producers claim HPAI has only caused a reduction in consumption of no more than 10% throughout Russia and 15% in the larger cities. Prices of wholesale poultry meat imports in Moscow and St. Petersburg dropped 27% to 41 rubles/kilogram (kg) December 1, 2005 compared with prices from April through June of 2005 at 56 rubles/kg. It is predicted poultry meat prices could go down as much as 25% in 2006. According to members of industry, the profitability of chicken production is still high enough to cover the costs related to fighting AI, despite producers citing losses of 20% in sales. Prompted by losses, the Russian Poultry Farmers Union has asked the Ministry of Agriculture and Economic Development to cut import quotas for 2006 by at least 30% at an international poultry farming conference.

Poultry imports forecast for 2005 and 2006 have increased compared to previous reports, due to Russia's enlargement of the poultry import quota announced November 8, 2005. The quota rose from 1.05 million metric tons (MMT) with the US share being 771,900 MT to 1.09 MMT for 2006 with the US share growing to 881,900 MT. Imports of poultry products not limited to the quota and smuggling grew higher than expected. According to Russia's Customs Service, Russia imported 1,161.8 MMT of poultry meat under the code 0207 (worth \$743.5 million) between January and November of 2005. The majority of poultry imports were chicken leg quarters from the US. Whereas, imports of frozen turkey cuts have decreased, while imports of fresh/chilled cuts, mostly from Germany, are rising.

Source: USDA FAS/OIE/News Wires

US Exports to Russia: Egg Products in Metric Tons, Shell Eggs in

'000 dozen

Liquid/Frozen Whole Egg HS 0408.99 (Metric Tons)

<u>Jan-Dec</u>					<u>Jan-Jan</u>		
<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2005</u>	<u>2006</u>	<u>%</u>
66.2	0.0	0.0	0.0	0.0	0.0	0.0	-

Dried Whole Egg HS 0408.91 (Metric Tons)

<u>Jan-Dec</u>					<u>Jan-Jan</u>		
<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2005</u>	<u>2006</u>	<u>%</u>
0	0.0	0.0	20.7	41.2	0.0	0.0	-

Shell Eggs HS 0407.0000.40 ('000 dozen)

<u>Jan-Dec</u>					<u>Jan-Jan</u>		
<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2005</u>	<u>2006</u>	<u>%</u>
62,322.0	17,925.0	1,500.0	0.0	3,540.0	0.0	0.0	-

Source: USDA FAS

US Poultry Meat Exports to Russia

	<u>Jan-Dec</u>			<u>Jan-Jan</u>	
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2005</u>	<u>2006</u>
Leg Qtr*	620,921.8	639,710.0	713,834.2	30,796.1	61,644.8
Total Chicken	661,123.8	686,060.3	755,821.9	31,758.1	68,194.2
% Leg Qtr*	93.9%	93.2%	94.4%	97.0%	90.4%
Total Other	13,744.9	43,258.8	8,597.3	36.8	122.5
Total Poultry	674,868.7	729,319.1	764,419.2	31,794.9	68,316.7
% Chicken	98.0%	94.1%	98.9%	99.9%	99.8%

Note: * Chicken Leg Quarters

Source: USDA FAS

USDA FSIS Library of Export Updates

Recently Revised List of Countries Eligible to Export Poultry and Egg Products to the US

<u>Country</u>	<u>Date</u>	<u>Country</u>	<u>Date</u>
Mexico	24-Mar-06	Canada	20-Mar-06
New Zealand	21-Feb-06	Australia	15-Feb-06

Recently Revised List of Eligible US Plants for Poultry and Egg Product Exports

<u>Country</u>	<u>Date</u>	<u>Country</u>	<u>Date</u>
Mexico	23-Mar-06	Russia	17-Mar-06
Australia	16-Mar-06		

Recently Revised Export Requirements for US Poultry and Egg Products Exports

<u>Country</u>	<u>Date</u>	<u>Country</u>	<u>Date</u>
Mexico	24-Mar-06	China*	22-Mar-06
Hong Kong	17-Mar-06	Russia	15-Mar-06

Note: * People's Republic of China

Recently Revised Export Requirements for US Egg Products to Russia as of March 16, 2006

Eligible/Ineligible Products

A. Ineligible Products

1. Egg products are not eligible for export to Russia at this time. Certification requirements for these products have not been agreed upon with the Russian Federation.

Source: USDA FSIS Library of Exports

Inspected Egg Products-U.S. & Canada Export/Import Trade**U.S. Exports to Canada, in Pounds (000) (Preliminary)**

Week Ending March 18, 2006	Year-To-Date			
TYPE	2006	2005 1/	2006 2/	2005
Liquid	156	311	2,087	2,850
Frozen	0	0	40	0
Dried	26	0	146	61
Total	182	311	2,273	2,911

U.S. Imports From Canada, in Pounds (000) (Preliminary)

Week Ending March 18, 2006	Year-To-Date			
TYPE	2006	2005 1/	2006 2/	2005
Liquid	97	77	638	2,183
Frozen	12	3	201	258
Dried	0	0	41	300
Total	109	80	880	2,741

Inspected Shell Eggs**U.S Exports To Canada, In 30-Dozen Cases (Preliminary)**

Week Ending March 18, 2006	Year-To-Date			
TYPE	2006	2005 1/	2006 2/	2005
Jumbo	0	33	150	66
Extra Large	2,070	2,220	12,480	50,420
Large	2,050	18,300	15,155	129,084
Medium	2,070	2,250	14,975	13,275
Ungraded	4,560	2,220	8,510	4,712
Misc	0	780	810	3,793
Total	10,750	25,803	52,080	201,350

1/ Comparable Week, to-date figures may not total due to rounding.

2/ Includes revisions to previous week(s).

Data Source: Agriculture and Agri-Food Canada, AISD, AID, Poultry Section
Source: USDA/AMS Poultry Programs, Market News Branch.**CENTRAL REGION MECHANICALLY SEPARATED CHICKEN**

F.O.B. SHIPPER DOCK OR EQUIVALENT, PRICES NEGOTIATED FOR MECHANICALLY SEPARATED CHICKEN IN THE CENTRAL REGION IN TRUCKLOT AND LESS THAN TRUCKLOT VOLUMES, CENTS PER POUND, DELIVERY WITHIN TWO WEEKS.

Mar 24, 2006

CHICKEN WITH SKIN ADDED

--- PRICES ---		---- VOLUME ----		
FAT				
CONTENT	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	22.00	17.00	60,400	-
WTD AVERAGE	22.00	17.00		
15-20%				
RANGE	14.00-20.00	11.00-16.00	1,011,200	400,800
WTD AVERAGE	15.23	14.13		
20% OR MORE				
RANGE	-	-	-	-
WTD AVERAGE				

* INCLUDES THE STATES of AL, AR, IA, IL, IN, KS, KY, LA, MI, MN, MO, MS, ND, NE, OK, OH, SD, TN, TX, WI

U.S./Canadian Live Poultry Slaughtered Under Inspection

W/E 18-Mar-06 (PRELIMINARY)

U.S. Fowl Slaughtered Domestically

	Light Hens	Heavy Hens	Total Hens
-----Thousands-----			
Head	1,001	1,441	2,442
Last Week	977	1,580	2,557
Same week yr ago	1,385	1,402	2,787
To-date/2006	13,515	15,657	29,172
To-date/2005	15,920	14,321	30,241

U.S. Fowl Slaughtered in Canada

	Light Hens	Heavy Hens	Total Hens
-----Thousands-----			
Head	249	0	249
Last Week	171	0	171
Same week yr ago	218	0	218
To-date/2006	2,869	7	2,876
To-date/2005	3,350	11	3,361

Data Source: Agriculture and Agri-Food Canada, AISD, AID, Poultry Section

Total U.S. Fowl slaughtered in the U.S. and Canada

	Light Hens	Heavy Hens	Total Hens
-----Thousands-----			
Head	1,250	1,441	2,691
Last Week	1,148	1,580	2,728
Same week yr ago	1,603	1,402	3,005
To-date/2006	16,384	15,664	32,048
To-date/2005	19,270	14,332	33,602

Source: USDA/AMS Poultry Programs, Market News Branch

EASTERN REGION MECHANICALLY SEPARATED CHICKEN

F.O.B. SHIPPER DOCK OR EQUIVALENT, PRICES NEGOTIATED FOR MECHANICALLY SEPARATED CHICKEN IN THE EASTERN REGION IN TRUCKLOT AND LESS THAN TRUCKLOT VOLUMES, CENTS PER POUND, DELIVERY WITHIN TWO WEEKS.

Mar 24, 2006

CHICKEN WITH SKIN ADDED

--- PRICES ---		---- VOLUME ----		
FAT				
CONTENT	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	-	17.00	400,000	-
WTD AVERAGE		17.00		
15-20%				
RANGE	13.00-20.00	13.00-15.00	2,032,000	1,552,000
WTD AVERAGE	16.32	13.75		
20% OR MORE				
RANGE	-	14.00	120,000	-
WTD AVERAGE		14.00		

* INCLUDES THE STATES of CT, DE, FL, GA, MA, MD, ME, NC, NH, NJ, NY, PA, RI, SC, VA, VT, WV

NATIONAL YOUNG TURKEY PARTS AND BULK MEAT, INCLUDING BULK MEAT and FROZEN (UNLESS SPECIFIED), CENTS PER LB., DELIVERED FIRST RECEIVERS, PART AND FULL TRUCKLOTS AS OF 24 MARCH 2006.

The market tone on tom breast meat was barely steady to fully steady, mostly steady; breast trim steady to barely steady; tenderloins steady; wing meat and scapula steady to instances firm. Demand light to good, mostly moderate. Offerings of tom breast meat ranged from light and held with confidence to instances burdensome, mostly adequate; breast trim adequate to fully adequate; tenderloins adequate; wing meat with skin and scapula light at best. The market tone on thigh meat was steady to barely steady. Demand light to moderate with some watching select export channels for possible future market ramifications. Offerings of non-Russian product available. The market tone on mechanically separated turkey was steady to fully steady. Demand moderate to instances good for the light offerings. Trading was active for domestic shipments, slow to instances moderate for export. For domestic: mature hen wings 23, fresh drummettes 72-74, fresh scapula 114-123 mostly 117-118, fresh breast trim 117-122 mostly 117-119.50, plant grade non-basted 12-14 lb. breasts 155, plant grade basted 20-24 lb. breasts 155 cents delivered. For export: tom necks 34-35, fresh tom drums 43, tom defatted gizzards 51-56 cents delivered.

EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME	WEEKLY	WEEKLY
FRIDAY, MARCH 24, 2006	RANGE	CODE 1/	PRICE	(000)	PRICE	VOLUME
DRUMSTICKS, TOMS	45.00		45.00	40	45.77	302
WINGS FULL-CUT - TOMS		M	26.00	32	26.00	32
WINGS, V-TYPE, TOM						
TAILS	34.00		34.00	40	34.50	80
MECHANICALLY SEPARATED 2/	19.00		19.00	80	19.00	80
THIGH MEAT - FROZEN	75.00-76.00		75.33	120	73.28	952

EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME
THURSDAY, MARCH 23, 2006	RANGE	CODE 1/	PRICE	(000)
DRUMSTICKS, TOMS	45.00-46.00		45.57	70
WINGS FULL-CUT - TOMS		M	26.00	32
WINGS, V-TYPE, TOM				
TAILS		M	35.00	40
MECHANICALLY SEPARATED 2/				
THIGH MEAT - FROZEN	70.00-75.00		72.81	712

EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME
WEDNESDAY, MARCH 22, 2006	RANGE	CODE 1/	PRICE	(000)
DRUMSTICKS, TOMS		M	46.00	192
WINGS FULL-CUT - TOMS		M	26.00	32
WINGS, V-TYPE, TOM				
TAILS		M	35.00	40
MECHANICALLY SEPARATED 2/				
THIGH MEAT - FROZEN	74.00		74.00	40

EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME
TUESDAY, MARCH 21, 2006	RANGE	CODE 1/	PRICE	(000)
DRUMSTICKS, TOMS		M	46.00	192
WINGS FULL-CUT - TOMS		M	26.00	32
WINGS, V-TYPE, TOM				
TAILS		M	35.00	40
MECHANICALLY SEPARATED 2/				
THIGH MEAT - FROZEN		M	74.00	80

EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME
MONDAY, MARCH 20, 2006	RANGE	CODE 1/	PRICE	(000)
DRUMSTICKS, TOMS	46.00		46.00	192
WINGS FULL-CUT - TOMS	26.00		26.00	32
WINGS, V-TYPE, TOM				
TAILS	35.00		35.00	40
MECHANICALLY SEPARATED 2/				
THIGH MEAT - FROZEN	74.00		74.00	80

1/ CODES FOR LAST SIGNIFICANT TRADE (L.S.T.): M=MONDAY T=TUESDAY W=WEDNESDAY R=THURSDAY F=FRIDAY

2/ Product contains 15-20% fat with skin added.